

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2125 – SB 2680

March 3, 2018

SUMMARY OF ORIGINAL BILL: Reduces the number of property owners required to consent to municipal annexation without a referendum.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent less than all of property owners consent to annexation and a territory is annexed to a municipality without a referendum, shifts in revenue and expenditures between local entities may occur. Any changes or shifts would result from permissive actions of local government. The extent and timing of any such permissive shifts cannot be reasonably quantified. Local governments may also experience permissive cost avoidances associated with such referendums.

SUMMARY OF AMENDMENT (014080): Deletes and replaces language in the original bill such that the substantive change is specifying that written consent of a two-thirds (2/3) majority of property owners who own a majority of territory proposed for annexation is required for annexation without a referendum.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Any action taken by a municipality to annex property by resolution is permissive.
- Under current law, pursuant to Tenn. Code Ann. § 6-51-104(a), a municipal resolution to effectuate the annexation of any property, with written consent of all property owners, does not require a referendum.
- This legislation requires the consent of a majority of property owners who own a majority of the territory proposed for annexation to avoid a referendum.
- Reducing the number of consenting property owners required to avoid a municipal referendum for annexation may lead to avoiding the local costs associated with such

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referendums. The timing and amount of such cost avoidances cannot be reasonably quantified.

- In instances where less than all of property owners consent to annexation and territory is annexed without a referendum, there will be a shift in the responsibility of the provision of certain services from the county to the municipality. The cost associated with the provision of services is dependent on the current services provided to current municipal residents, the timing of any such annexation, and the number and location of annexed properties. In addition, there may be a shift in revenue from the county to the municipality. Any changes or shifts would result from permissive actions of local government. Any fiscal impact resulting from a municipal annexation of such territories cannot be reasonably quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj